DOWNTOWN RETAIL STUDY

June 2005

Prepared For

City of Scottsdale
Scottsdale, Arizona

Prepared By

Behavior Research Center, Inc.
1101 North First Street
Phoenix, Arizona 85004
(602) 258-4554

25.055\RPT Downtown Scottsdale Business-2005.wpd

TABLE OF CONTENTS

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729

RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com

INTRODUCTION

This study was commissioned by the City of Scottsdale, Department of Economic Vitality, and conducted by Behavior Research Center (BRC). The purpose of the study was to measure opinions and attitudes among owners and managers of retail, food and personal services businesses in Downtown Scottsdale. It followed similar studies conducted in 2003 and 2004.

The City of Scottsdale supplied the sample for this study. Interviewing was conducted either in person or by telephone, depending on the respondent's preference. Up to three attempts were made to reach each respondent. All interviewing was conducted by professional interviewers of BRC, and all interviewers worked under the direct supervision of BRC supervisory personnel, who reviewed each questionnaire completed in the field for completeness and accuracy, and monitored interviews conducted by telephone. A total of 282 interviews were completed. A complete disposition report is appended to this report.

When reviewing the results of this survey, it should be kept in mind that all surveys are subject to sampling error. Sampling error, simply stated, is the difference between the results obtained from a sample and those that would be obtained by interviewing the entire population under consideration. The sampling error for this survey is approximately +/-4.3 percent at a 95 percent confidence level. For some questions, such as follow-up questions based on the prior answer, the respondent universe is smaller than 282. On tables reporting these data, the number of respondents is indicated following the "N" symbol.

Behavior Research Center has presented all of the data germane to the basic purposes of this study. However, if the City of Scottsdale requires additional data retrieval or interpretation, we stand ready to provide such input.

BEHAVIOR RESEARCH CENTER

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729

RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com

EXECUTIVE SUMMARY

The picture that emerges from this study reinforces those found in 2004 and 2003: a Downtown Scottsdale business community that is stable, generally satisfied with the location, understands its customer base, and plans to stay. However, this year we find increased optimism about the economy and a general increase in sales since 2003. Again, there are few negative comments about the City of Scottsdale or the location, and dissatisfaction is generally directed at parking and traffic issues.

Major findings from this study include:

- The location of the area continues to be the most significant attribute attracting retailers and related businesses to the area.
- By more than a one and one-half-to-one ratio, respondents report total sales have increased in the past six months. In addition, four in ten are now reporting an increased average ticket amount, compared to two in ten reporting a decrease.
- Half expect the next tourist/winter season to generate more sales than last, and only five percent expect a decline from last winter.
- Over eight in ten businesses depend on tourists and winter visitors, and tourists account for an average of almost half of the sales of these businesses.
- Fine arts, jewelry, food, clothing and housewares are the most popular sales products in Downtown Scottsdale.
- Two-thirds of Downtown galleries sell over the Internet.
- Eight in ten businesses plan to stay in Downtown Scottsdale, either expanding their current facility or remaining in the same space. Another 15 percent are unsure of their plans.
- Interest in monthly parking permits continues to decline, now resting at 15 percent of businesses.
- Interest in small business education programs offered by the City is growing, with half of business owners and managers now interested.
- Over eight in ten businesses (83%) occupy leased space, and 47 percent of these will see their lease come up for renewal in the next two years.
- Over half of Downtown businesses plan no changes to their business approach and product mix to capitalize on the growth in Downtown housing.

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com

DETAILED FINDINGS

YEARS IN BUSINESS AND CURRENT LOCATION

As was noted in the previous studies, Downtown Scottsdale's retail base remains stable, with respondents having been in business for an average of 13.8 years, and at their current location for an average of 10.5 years.

TABLE 1

"First, for how long have you been in business in Downtown Scottsdale?"
"And how many years have you been at this location?"

	MEAN YEARS	
	In Business	This Location
TOTAL	13.8	10.5
NO. OF WINTER EMPLOYEES		
1 to 2	11.8	8.2
3 to 5	16.1	13.3
6 +	14.1	11.8
GENDER		
Male	14.3	11.8
Female	13.5	9.2
REGION		
1 (see map, page 29)	9.8	9.1
2	10.0	7.1
3	10.7	7.3
4	13.0	11.7
5	22.4	20.6
6	14.0	9.9
7	19.8	12.9
BUSINESS CATEGORY		
General merchandise	16.6	13.5
Restaurants	13.0	10.2
Galleries	10.3	7.1
Interior design/furnishings	13.3	10.0
Bars/nightclubs	11.5	9.2
Spas/personal services	10.7	6.1

~~~~~~~~~~~~~~~~

behavior research center, inc. RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
phone (602) 258-4554 • fax (602) 252-2729 p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

REASONS FOR SELECTING DOWNTOWN SCOTTSDALE

Respondents who have been at their current locations for three years or less were asked what the main reasons were that led them to pick Downtown Scottsdale. As has been the case in the past, location factors dominate the list of reasons mentioned.

TABLE 2

(IF AT LOCATION 3 YEARS OR LESS:) "*What are the main reasons you selected downtown Scottsdale for your location*?

AMONG THOSE AT THIS LOCATION 3 YEARS OR LESS

N = 97	%
LOCATION (NET)	(71%)
High traffic area	22
Close to arts district/design center	16
Centrally located/accessible	11
Close to related business	5
Not in a mall	2
Close to family/friends' businesses	1
Close to home	3
Close to customer/sources of business	13
New development	4
ATMOSPHERE (NET)	(13%)
Upscale/elite	5
Nice/beautiful area	6
Quiet, peaceful	2
Unique area	6
TOOK OVER EXISTING BUSINESS (NET)	(4%)
REPUTATION (NET)	(5%)
Well-known, popular	5
FACILITIES (NET)	(8%)
Lower rent	3
Was available	5
General Positive	7
Don't know	9

Total exceeds 100% due to multiple responses.
Subtotals may exceed nets due to multiple responses

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

ADVANTAGES OF BEING IN DOWNTOWN SCOTTSDALE

Location factors are also mentioned by two-thirds (67%) of respondents when asked to name the main advantages of being in Downtown Scottsdale. Three in ten (29%) mention the type of customers and clients that frequent the area. The reputation and atmosphere of the area are also mentioned by significant numbers.

TABLE 3

"*What are the main advantages of being in downtown Scottsdale?*"

	%
LOCATION (NET)	(67%)
Close to arts district/design center	17
Convenient/easy to find	19
Lots of foot traffic	15
Variety of businesses	3
Close to home	4
Close to clients	3
Similar businesses	3
New growth/development	2
Not a mall	1
CUSTOMERS/CLIENTS (NET)	(29%)
Tourists	21
Local clientele	3
Affluent	3
Good mix	4
REPUTATION (NET)	(8%)
Well-known/popular	4
Well-established	2
People love Scottsdale	2
ATMOSPHERE/ENVIRONMENT (NET)	(6%)
Friendly/quiet/peaceful	3
Historic/unique area	2
Upscale/elite	1
Safe/crime-free	1
General Positive	1
None/Don't know	11

Total exceeds 100% due to multiple responses.
Subtotals may exceed nets due to multiple responses

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

DISADVANTAGES OF BEING IN DOWNTOWN SCOTTSDALE

Respondents were then asked the main disadvantages of being in Downtown Scottsdale. The single issue most often mentioned is inadequate parking (37%). The next most common factor mentioned is the traffic and construction (19%), followed by not enough foot traffic (12%).

Thirteen percent cannot name a disadvantage to being in Downtown Scottsdale.

.

TABLE 4

"*And what are the main disadvantages of being in downtown Scottsdale*?"

	%
FACILITIES (NET)	(48%)
Inadequate parking	37
Traffic/construction	19
No public restrooms	3
BUSINESS DRAWBACKS (NET)	(29%)
Not enough foot traffic	12
Too much competition in area	9
Seasonal/tourist-oriented	6
Lack of quality customers	2
LOCATION (NET)	(7%)
Too far away from customers	*
Surrounding businesses closing/moving	1
Undesirable businesses moving in	3
Street layout confusing to customers	2
Too far from home	1
GOVERNMENT (NET)	(10%)
Lack of government support/promotion	6
Rude/overzealous law enforcement	3
Regulations	1
ATMOSPHERE/ENVIRONMENT (NET)	(8%)
Deteriorating area	6
Businesses don't work together	*
Vagrants	2
ZONING (NET)	(4%)
Sign restrictions	4
WEATHER (NET)	(4%)
Too hot	4
COSTS (NET)	(5%)
Rent too high	3
Taxes too high	2
Miscellaneous single mentions	1
None/Don't know	13

Total exceeds100% due to multiple responses.
Subtotals may exceed nets due to multiple responses
*Indicates less than ½ of one percent

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729

RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

EFFECTS OF DOWNTOWN HOUSING ON BUSINESS APPROACH

Over half (55%) of downtown businesses plan no changes to their business approach or product mix to take advantage of the burgeoning downtown housing market. It will be interesting to track responses to this question as downtown housing continues growing in coming years.

TABLE 5

"Have you made any changes to your business approach or product mix to take advantage of the new housing in the downtown area, are you thinking about changes because of this, or do you not plan any changes because of increased downtown housing?"

	Have Made Changes	Thinking About Changes	Don't Plan Changes	Not Sure
TOTAL	10%	21%	55%	14%
NO. OF YEARS IN BUSINESS				
Under 5	10	20	53	17
5 to 10	6	19	61	14
11 to 25	12	23	50	15
26 +	14	21	60	5
NO. OF WINTER EMPLOYEES				
1 to 2	5	21	55	19
3 to 5	15	23	53	9
6 +	13	23	53	11
BUSINESS CATEGORY				
General merchandise	13	17	58	12
Restaurant	13	21	58	8
Galleries	8	32	46	14
Interior designs/furnishings	7	17	50	26
Bars/nightclubs	0	50	50	0
Spas/personal services	6	20	57	17

~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~

AVERAGE SALE AMOUNT

Almost four in ten (37%) respondents report their average sale amount has increased in the past two years or so, up from 24 percent two years ago, while those reporting their average sale has declined fell by 17 percentage points from the 2003 study. Restaurants and galleries are most likely to report sales amount increases.

TABLE 6

"*Has your average sale amount increased, stayed about the same or decreased in the past two years or so*?"

	Increased	No Change	Decreased	Not Sure
TOTAL	37%	27%	21%	15%
NO. OF WINTER EMPLOYEES				
1 to 2	29	26	23	22
3 to 5	45	23	19	13
6 +	45	33	15	7
BUSINESS CATEGORY				
General merchandise	36	25	24	15
Restaurants	46	27	16	11
Galleries	45	17	23	15
Interior design/furnishings	17	42	17	24
Bars/nightclubs	0	50	50	0
Spas/personal services	41	32	9	18

~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729

RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~

TOTAL SALES LAST SIX MONTHS

Reporting on total sales in the past six months, a pattern similar to 2004 may be seen, and is somewhat inconsistent with the lusty increase in average sale amount. Moreover, businesses reporting a lower level of sales from the same period a year ago generally report higher percentage declines than the percentage increases reported by business with higher sales.

TABLE 7

"*Were your total sales during the past six months higher, about the same or lower than the same period last year*?"

					% CHANGE	
	Higher	No Change	Lower	Not Sure	Higher	Lower
TOTAL	32%	32%	20%	16%	16.9%	23.5%
NO. OF WINTER EMPLOYEES						
1 to 2	23	34	22	21	19.5	33.9
3 to 5	36	34	14	16	23.5	20.2
6 +	43	31	18	8	10.7	15.6
BUSINESS CATEGORY						
General merchandise	27	34	22	17	12.1	25.0
Restaurants	51	22	14	13	13.6	11.7
Galleries	46	27	12	15	27.9	15.2
Interior design/furnishings	17	31	31	21	15.0	18.6
Bars/nightclubs	0	50	50	0	—	25.0
Spas/personal services	23	44	18	15	16.0	47.3

~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729

RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~

MOST POPULAR PRODUCTS/SERVICES

Fine arts, jewelry, food and housewares and clothing continue to be the most popular products and services sold during the past six months, a pattern similar to the previous studies.

TABLE 8

"*During the past tourist season (the winter of 2004/05), what three things you sell were the most popular*?"

		SALES LAST SIX MONTHS		
	TOTAL	Higher	No Change	Lower
Fine arts	22%	28%	18%	22%
Jewelry	17	15	18	24
Food	11	21	9	7
Housewares	7	6	8	7
Clothing	12	15	8	15
Beverages	5	8	2	6
Beauty services	5	5	6	4
Beauty products	3	2	5	2
Arts & crafts	*	1	0	0
Collectibles	2	1	1	4
Miscellaneous products	16	21	15	16
Miscellaneous services	8	7	11	4
Don't know/non-responsive answers	25	11	28	22

Totals exceed 100% due to multiple responses
*Indicates less than ½ of one percent

~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~

The vast majority (77%) of respondents indicate they anticipated the demand for the most popular items they sold in the last six months.

TABLE 9

"*Did you expect or anticipate the popularity of these items*?"

	% Yes
TOTAL	77%

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

CHANGE IN MERCHANDISING/SERVICE MIX

Respondents were asked how their merchandise or service mix has changed over the past few years. Half (49%) report little or no change.

TABLE 10

"*How has your merchandise or service mix changed over the past few years*?"

		SALES LAST SIX MONTHS		
	TOTAL	Higher	No Change	Lower
No change/little change in merchandise	49%	49%	69%	55%
More variety/selection	5	5	6	6
More modern/contemporary	7	10	6	6
Less expensive/lower quality	1	2	0	0
More expensive/classier	6	10	5	4
More specialized	4	2	6	4
Changing all the time	1	2	0	0
More merchandise	7	8	4	15
Less merchandise	1	1	1	2
More/better service	3	5	1	4
Expanded/redecorated facility	*	0	0	2
Internet business	*	1	0	0
Miscellaneous single mentions	1	0	2	2
Don't know	9	5	8	6

*Indicates less than ½ of one percent
Totals exceed 100% due to multiple responses

~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~

EXPECTATIONS FOR NEXT TOURIST SEASON

Last year, four in ten (41%) respondents expected an increase in sales during the next tourist (winter) season, a prediction that seems to have been borne out. In this study, optimism is up a full ten points, with half (51%) expecting an increase, only five percent expecting a decrease, and two in ten (19%) unsure. As may be seen in Table 11, more optimism is evident among newer and larger businesses and among galleries, restaurants and interior design firms.

TABLE 11

"*And what kind of tourist season do you expect this winter? Do you think your sales will increase over last winter, remain about the same or decrease*?"

	Increase	No Change	Decrease	Not Sure
TOTAL	51%	25%	5%	19%
YEARS IN BUSINESS				
Under 5	56	23	4	17
5 to 10	49	32	5	14
11 to 25	51	25	4	20
26 +	42	19	11	28
NO. OF WINTER EMPLOYEES				
1 to 2	47	26	6	21
3 to 5	54	25	4	17
6 +	59	24	4	13
BUSINESS CATEGORY				
General merchandise	44	28	7	21
Restaurants	71	21	3	5
Galleries	58	20	8	14
Interior design/furnishings	57	20	3	20
Bars/nightclubs	50	25	0	25
Spas/personal services	35	30	0	35

~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~

Respondents were asked why they feel as they do about sales next tourist season. Those expecting higher sales generally cite an improving economy as the reason for their optimism.

TABLE 12

"*Why do you say that*?"

AMONG THOSE EXPECTING A BETTER TOURIST SEASON

N = 139	%
ECONOMY (NET)	(76%)
Business improving	17
Economy better/improving	10
Hope it gets better/optimistic	9
New projects	32
Tourism improving	11
Customers spending more	3
REPUTATION (NET)	(5%)
Business will be more established	1
Business is well-established	4
ADVERTISING (NET)	(10%)
Advertising more	10
IMPROVED SERVICE (NET)	(7%)
Location	2
Increased inventory	1
Weather cooler	3
Miscellaneous single mentions	4
Don't know	6

* Total exceeds 100% due to multiple responses.
Subtotals may exceed nets due to multiple responses

~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729

RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~

Half (47%) of those expecting flat sales or a decline also cite the economy, albeit in a negative way.

TABLE 13

AMONG THOSE EXPECTING NO CHANGE OR DECREASE IN SPENDING NEXT TOURIST SEASON

N = 15	%
ECONOMY (NET)	(47%)
Customers spending less	7
Inflation	13
Less foot traffic	33
CUSTOMERS/CLIENTS (NET)	(33%)
No tourists/don't depend on them	7
Fewer tourists every year	13
Complaints about traffic/construction	13
GENERAL BUSINESS CONDITIONS (NET)	(13%)
Too much competition from N. Scottsdale	13
GOVERNMENT (NET)	(13%)
Lack of support/promotion	13
Don't know	13

* Total exceeds 100% due to multiple responses.
Subtotals may exceed nets due to multiple responses

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

DEPENDENCE ON TOURISTS AND WINTER VISITORS

Almost two in ten (17%) Downtown Scottsdale businesses claim no dependence on tourist/ winter visitor business at all. Among those that do, they depend on this group of customers for almost half of their winter business. As may be seen in Table 14, least affected by tourist business are spas and personal services.

TABLE 14

"*About what percentage of your winter business is attributable to tourists or winter visitors*?"

	Mean %	% None
TOTAL	46.1%	17%
NO. OF WINTER EMPLOYEES		
1 to 2	49.7	16
3 to 5	48.4	13
6 +	36.2	15
REGION		
1	26.8	25
2	44.0	12
3	25.7	30
4	22.8	27
5	66.2	16
6	49.8	12
7	22.2	29
BUSINESS CATEGORY		
General merchandise	51.8	18
Restaurants	40.1	24
Galleries	61.1	12
Interior design/furnishings	30.7	11
Bars/nightclubs	26.2	0
Spas/personal services	15.8	18

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

BUSINESS CHALLENGES

When asked their thoughts on the biggest challenges facing their businesses today, respondents mention customers and clients getting laid off, attracting new customers and other economic and business conditions factors as most on their mind. These findings parallel results from the 2003 and 2004 studies.

TABLE 15

"*What is the single largest challenge facing your business today*?"

	%
CUSTOMERS/CLIENTS (NET)	(76%)
People getting laid off	68
Getting new customers/clients	25
ECONOMY/BUSINESS CONDITIONS (NET)	(34%)
Too much competition (N. Scottsdale/Internet)	9
Survival	7
Economy in bad shape	3
Overhead/rent	4
Need to increase consumer spending	1
Attracting competent employees	5
Making a profit	3
Inflation/rising prices	1
Keeping up with technology	1
Taxes	1
FACILITIES (NET)	(22%)
Traffic accessibility	7
Poor parking	12
Not enough room	1
Expanding/remodeling	3
MARKETING/ADVERTISING (NET)	(9%)
More advertising	4
Establishing a reputation	4
Advertising too expensive	1
GOVERNMENT (NET)	(1%)
Anti-business attitude	1
Regulations	1
PRODUCTS/SERVICES (NET)	(5%)
Having what customer wants	3
Marketing quality	2
Weather/too hot	2
No challenges	7

Total exceeds 100% due to multiple responses
Subtotals may exceed nets due to multiple responses

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

E-COMMERCE

Three in ten (30%) respondents report selling their products or services over the Internet, a figure relatively consistent with prior findings. Smaller employers and galleries again are most active in Internet sales.

TABLE 16

"Do you sell your services or merchandise over the Internet?"

	% YES
TOTAL	30%
YEARS IN BUSINESS	
Under 5	27
5 to 10	33
11 to 25	31
26 +	29
NO. OF WINTER EMPLOYEES	
1 to 2	32
3 to 5	34
6 +	23
REGION	
1	33
2	33
3	11
4	29
5	19
6	43
7	38
BUSINESS CATEGORY	
General merchandise	29
Restaurants	18
Galleries	67
Interior design/furnishings	17
Bars/nightclubs	75
Spas/personal services	3

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

Six in ten (62%) of those engaged in e-commerce report that in-store sales grew faster than Internet sales, up from 49 percent last year, but consistent with the 2003 study. Only seven percent report that neither grew during the past six months.

TABLE 17

"*During the past six months, which grew more: in-store sales or Internet sales*?"

In-store sales	62%
Internet sales	19
Neither	7
Not sure	12

~~~~~~~~~~~~~~~~

PLANS FOR THE FUTURE

When asked about their business plans in the future, two-thirds (65%) plan to remain in the same space, and another 13 percent plan to expand in Downtown Scottsdale. Only three percent plan to move out of Downtown and four percent plan to close or sell the business.

TABLE 18

"*When it comes to your business plans for the future, which of the following best describes you*?" (READ EACH)

	Expand in Downtown Scottsdale	Remain in Same Space	Move Out of Downtown Scottsdale	Close/ Sell	Not Sure
TOTAL	13%	65%	3%	4%	15%
YEARS IN BUSINESS					
Under 5	17	51	5	4	23
5 to 10	16	69	3	3	9
11 to 25	13	68	1	6	12
26 +	2	77	5	5	11
SALES LAST SIX MONTHS					
Higher	21	69	2	1	7
Same	9	72	5	2	12
Lower	2	62	4	14	18

~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com

ADVERTISING AIM

One in ten (12%) Downtown Scottsdale businesses aim their advertising primarily at tourists. Half again as many (18%) aim their advertising at local shoppers, and almost half (47%) target both equally. Two in ten (21%) do not advertise. The smallest businesses are least likely to advertise, and almost six in ten spas and personal services businesses eschew advertising.

TABLE 19

"*When it comes to advertising for this store, does your advertising primarily target local shoppers, visitors or both equally*?"

	Local Shoppers	Visitors	Both Equally	Don't Advertise	Not Sure
TOTAL	18%	12%	47%	21%	2%
SALES LAST SIX MONTHS					
Higher	13	17	54	16	0
Same	24	2	44	24	6
Lower	15	16	45	22	2
NO. WINTER EMPLOYEES					
1 to 2	17	8	41	28	6
3 to 5	21	16	52	10	1
6 +	20	14	47	19	0
BUSINESS CATEGORY					
General merchandise	18	15	49	15	3
Restaurants	13	19	49	19	0
Galleries	13	12	54	17	4
Interior design/furnishings	33	3	47	10	7
Bars/nightclubs	25	0	75	0	0
Spas/personal services	20	2	23	57	0

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

TROLLEY USE

Six in ten (62%) report none of their customers mention riding the downtown trolley, about the same as last year. Of those who do have customers mention it, an average of 16 percent do so. Trolley use is highest among customers of general retail establishments, restaurants and bars and is more sporadic among customers of the other categories of business.

TABLE 20

"*What percentage of your customers mention riding the downtown trolley, if any*?"

	Mean %	% None
TOTAL	16.1%	62%
NO. OF WINTER EMPLOYEES		
1 to 2	16.7	64
3 to 5	18.1	63
6 +	14.2	59
BUSINESS CATEGORY		
General merchandise	19.9	55
Restaurants	11.9	49
Galleries	16.6	69
Interior design/furnishings	12.0	77
Bars/nightclubs	20.0	50
Spas/personal services	4.0	77

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

INTEREST IN MONTHLY PARKING PERMITS

Fifteen percent of respondents indicate they and/or their employees would be interested in monthly permits for employee parking in public lots, a decline of six points from the 2004 study. In Table 21, we note that restaurants (29%) seem to be more interested in such parking for their employees.

TABLE 21

"*If there were a moderately-priced monthly permit for employee parking in public lots, would you or any of your employees use it*?"

	% YES
TOTAL	15%
YEARS IN BUSINESS	
Under 5	9
5 to 10	19
11 to 25	18
26 +	19
NO. OF WINTER EMPLOYEES	
1 to 2	16
3 to 5	8
6 +	21
REGION	
1	0
2	7
3	18
4	0
5	33
6	19
7	13
BUSINESS CATEGORY	
General merchandise	11
Restaurants	29
Galleries	19
Interior design/furnishings	7
Bars/nightclubs	0
Spas/personal services	20

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729

RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

INTEREST IN EDUCATION PROGRAMS

Next, we asked respondents if they would be interested in small business education programs if they were offered by the City. Almost half (47%) express such interest, a figure that has grown with nine points from last year. As may be seen in Table 22, owners and managers of newer businesses express the most interest.

TABLE 22

"*If the City offered small business education programs such as advertising, cash flow management or merchandising tips, would you be interested in participating, assuming they were scheduled conveniently*?"

	% YES
TOTAL	47%
YEARS IN BUSINESS	
Under 5	49
5 to 10	56
11 to 25	45
26 +	33
NO. OF WINTER EMPLOYEES	
1 to 2	48
3 to 5	47
6 +	47
GENDER	
Male	45
Female	49

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729

RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

OTHER LOCATIONS

As may be seen in Table 23, most Downtown Scottsdale businesses are local and independent, with just 15 percent having other locations in Scottsdale and 14 percent having other locations elsewhere in the Valley. Not surprisingly, larger businesses are most likely to have other locations.

TABLE 23

"*Do you have other locations in Scottsdale*?"

"*Do you have other locations in other Valley communities*?"

	% YES	
	Scottsdale	Other Valley Communities
TOTAL	15%	14%
YEARS IN BUSINESS		
Under 5	14	11
5 to 10	13	18
11 to 25	14	16
26 +	21	14
NO. OF WINTER EMPLOYEES		
1 to 2	4	3
3 to 5	19	13
6 +	32	35
BUSINESS CATEGORY		
General merchandise	15	16
Restaurants	18	24
Galleries	20	12
Interior design/furnishings	10	10
Bars/nightclubs	25	0
Spas/personal services	6	6

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

NUMBER OF EMPLOYEES

Consistent with the 2004 and 2003 study findings, the difference between full-time employment levels in the winter as opposed to the summer is not as great as might be imagined. Overall, Downtown Scottsdale businesses report an average of 0.6 fewer employees in the summer than in the winter.

The biggest spread occurs among restaurants, where we find 2.9 fewer employees, on average, in the summer than in the winter.

TABLE 24

"*How many full-time equivalent employees do you have in the winter*?"

"*How many full-time equivalent employees do you have in the summer*?"

	MEAN	
	Winter	Summer
TOTAL	6.5	5.9
YEARS IN BUSINESS		
Under 5	5.4	5.0
5 to 10	8.1	7.4
11 to 25	6.5	5.7
26 +	6.3	6.0
REGION		
1	5.6	5.5
2	3.6	3.2
3	9.5	8.5
4	9.6	9.1
5	7.6	7.0
6	6.0	5.3
7	4.9	4.9
BUSINESS CATEGORY		
General merchandise	3.6	3.4
Restaurants	21.2	18.3
Galleries	3.2	2.9
Interior design/furnishings	6.0	5.6
Bars/nightclubs	10.0	10.0
Spas/personal services	4.5	4.3

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

OWNERSHIP OF SPACE OCCUPIED

Over eight in ten (83%) Downtown businesses lease the space they occupy, again consistent with the prior studies. Long-time businesses – those in place over 25 years – are most likely to be owner-occupants (49%), as are bars/nightclubs (50%). Very few galleries or personal services businesses are owner-occupants.

TABLE 25

"*Do you own or lease the space you occupy in downtown Scottsdale*?"

	Own	Lease	Not Sure
TOTAL	15%	83%	2%
YEARS IN BUSINESS			
Under 5	2	94	4
5 to 10	12	86	2
11 to 25	12	8	0
26 +	49	49	2
REGION			
1	15	85	0
2	3	96	1
3	13	85	2
4	23	71	6
5	22	74	4
6	19	81	0
7	29	71	0
BUSINESS CATEGORY			
General merchandise	18	80	2
Restaurants	16	79	5
Galleries	2	98	0
Interior design/furnishings	27	73	0
Bars/nightclubs	50	50	0
Spas/personal services	9	91	0

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

Among those who lease, almost half (47%) will have their lease come up for renewal in two years or less. These findings are generally consistent with the previous studies.

TABLE 26

(IF LEASE) "*Will your lease expire in two years or less*?"

AMONG THOSE WHO LEASE SPACE

	% Yes
TOTAL	47%
YEARS IN BUSINESS	
Under 5	49
5 to 10	41
11 to 25	47
26 +	52
REGION	
1	50
2	58
3	61
4	39
5	26
6	40
7	50
BUSINESS CATEGORY	
General merchandise	53
Restaurants	16
Galleries	46
Interior design/furnishings	36
Bars/nightclubs	100
Spas/personal services	67

~~~~~~~~~~~~~~~~

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729
RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com
~~~~~~~~~~~~~~~~

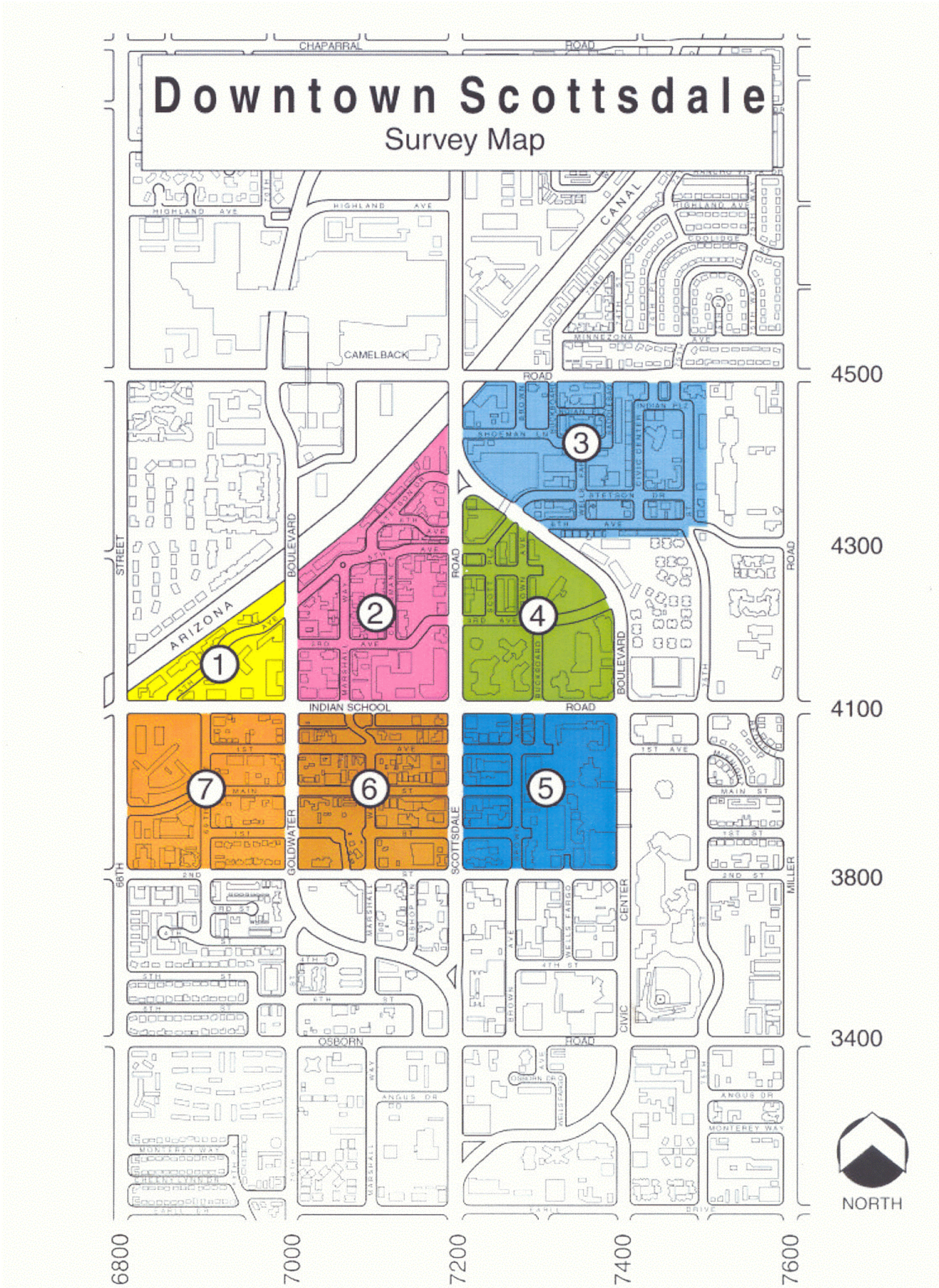
APPENDIX

Sample Disposition:

Total sample provided:	549
Refused survey:	43
Closed:	77
Three attempts or more/unable to reach:	147
Completed interviews:	282

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729

RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com



behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729

Research in Public Opinion, Public Policy & Consumer Behavior
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com

behavior research center, inc.
phone (602) 258-4554 • fax (602) 252-2729

RESEARCH IN PUBLIC OPINION, PUBLIC POLICY & CONSUMER BEHAVIOR
p.o. box 13178 • phoenix, arizona 85002 • www.brc-research.com